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WTO RULING CONDEMNS UNJUSTIFIED CHINESE EXPORT RESTRICTIONS

Yesterday, the WTO issued the final ruling on the export restrictions and duties imposed by China on various raw materials, including bauxite and magnesium. The report overall confirms the decision of the WTO Panel of 5 July 2011.

The WTO confirmed that export duties were incompatible because they exceeded commitments made in China's Accession Protocol. In addition, the report clearly states that the exceptions allowable under GATT *to prevent critical shortages of products and protection of human, animal or plant life or health and to conserve exhaustible natural resources* cannot be used as a pretext to shield domestic industry from competition or to undermine the rules of the multilateral trading system. The WTO found that the export restrictions imposed by China could not be justified under those exceptions because the measures clearly favoured Chinese industries.

For procedural reasons, the WTO was not able to rule on certain administrative aspects of export restraints imposed by China. However, this has little bearing on the case as Chinese restrictions have been found incompatible with WTO rules.

The WTO decision, which declares almost all Chinese export duties and restrictions incompatible with the multilateral trading system, paves the way for freer trade in raw materials globally.

BUSINESSEUROPE's Director General Philippe de Buck said: *"At the eve of the EU-China Summit, the EU should call on China to immediately implement the WTO findings by removing export duties and restrictions on all raw materials."*

NOTE TO THE EDITOR

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